

DRAFT

INSTRUCTIONS FOR THE PREPARATION OF THE TREASURY INTERNATIONAL
CAPITAL (TIC) B REPORTING SERIES

General Instructions

Monthly Report of Bank's Own CLAIMS (BC)

Monthly Report of Bank's Own LIABILITIES (BL-1)

CUSTODY LIABILITIES of Reporting Banks (BL-2)

Intermediaries Notification of Foreign Borrowing (BL-3)

Reporting Bank's Own CLAIMS and Domestic Customers' CLAIMS (BQ-
1)

Foreign Currency Denominated CLAIMS and LIABILITIES (BQ-2)

Semiannual Report of Bank's Own CLAIMS (BC(SA))

Semiannual Report of Bank's Own LIABILITIES (BL-1(SA))

Semiannual Report of CUSTODY LIABILITIES of Reporting Banks
(BL-2(SA))

Glossary

Note: Terms that are in capital letters can be found in the
glossary.

Authority and Confidentiality Statement

These reports are required by law (22 U.S.C. 286f; 22 U.S.C. 3103; E.O.10033; 31 C.F.R. 128). Failure to report can result in a civil penalty of not less than \$2,500 and not more than \$25,000. Willful failure to report can result in criminal prosecution and upon conviction a fine of not more than \$10,000, and if an individual, imprisonment for not more than one year, or both. Any officer, director, employee, or agent of any corporation who knowingly participates in such violation may, upon conviction, be punished by a like fine, imprisonment, or both (22 U.S.C. 3105; 31 C.F.R. 128.4 (a) and (b)).

Data reported on these forms will be held in confidence by the Department of the Treasury, the Board of Governors of the Federal Reserve System, and the Federal Reserve Banks acting as Fiscal Agents of the Treasury. The data reported by individual respondents will not be published or otherwise publicly disclosed. Aggregate data derived from these forms may be published or otherwise publicly disclosed only in a manner which will not reveal the amounts reported by any individual respondent. Data reported by individual respondents may be made available to other Federal agencies to the extent permitted by applicable law (44 U.S.C. 3501 et seq.; 22 U.S.C. 3101 et seq.).

General Instructions

A. PURPOSE AND NOTICE UNDER PAPERWORK REDUCTION ACT

The purpose of these forms is to gather timely and reliable information on the international financial position of the UNITED STATES and, by comparison of the amounts of LIABILITIES and CLAIMS outstanding at different times, on movements of capital between the UNITED STATES and FOREIGN countries. These data are needed for preparation of the capital accounts of the U.S. BALANCE OF PAYMENTS and the international investment position of the UNITED STATES.

The TIC B forms are designed to collect the reporter's own portfolio position vis-à-vis FOREIGNERS in DEPOSITS, loans, and marketable instruments other than LONG-TERM SECURITIES. The reporter's U.S. dollar CLAIMS and LIABILITIES are collected monthly on Forms BC and BL-1, respectively and (for smaller countries) semiannually on Forms BC(SA) and BL-1(SA). A maturity schedule of outstanding U.S. dollar CLAIMS on unaffiliated FOREIGNERS is collected quarterly on Form BQ-1, Part 1. Positions denominated in foreign currency are collected quarterly on Form BQ-2, Part 1.

The TIC B forms also collect information on the assets (other than LONG-TERM SECURITIES) owned by the reporter's customers, for which the reporter acts as CUSTODIAN. The dollar-denominated LIABILITIES of UNITED STATES residents, including the UNITED STATES Treasury, to FOREIGN customers are collected monthly on Form BL-2 and semiannually on Form BL-2(SA). The CLAIMS on FOREIGNERS held for the reporter's UNITED

STATES customers are collected quarterly on Form BQ-1, Part 2 (U.S. dollar-denominated assets) and on Form BQ-2, Part 2 (foreign currency-denominated assets).

No person is required to respond to an U.S. government collection of information unless the form displays a currently valid control number assigned by the Office of Management and Budget (OMB). The B forms have been reviewed and approved by OMB under the following control numbers: BC/BC(SA), 1505-0017; BL-1/BL-1(SA), 1505-0019; BL-2/BL-2(SA), 1505-0018; BQ-1, 1505-0016; BQ-2, 1505-0020.

The Treasury Department estimates that it will take each respondent about the following amount of time, on average, to complete each form for each filing: BC/BC(SA), eight hours; BL-1/BL-1(SA), eight hours; BL-2/BL-2(SA), five and one-half hours; BQ-1, four hours; BQ-2, four and one-half hours. This estimate includes the time it will take to read the instructions, gather the necessary facts and fill out the form. Comments regarding the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Office of Program Services, U.S. Treasury Department, Washington, D.C. 20220, Attention International Portfolio Investment Data Systems; or the Office of Management and Budget, Paperwork Reduction Project (reference appropriate control number as listed above for each form), Washington, D.C. 20503.

B. WHO MUST REPORT

The following types of entities located in the UNITED STATES are covered by the scope of the TIC B-Series reports:

1. Commercial banks
2. Bank holding companies (including financial holding companies)
3. UNITED STATES agencies and branches of FOREIGN BANKS
4. Trust companies that conduct commercial banking business
5. Industrial banks, private or unincorporated banks
6. Banking Edge Act and Agreement corporations
7. New York State Article XII corporations
8. Mutual or stock savings or building and loan associations, cooperative banks, credit unions, homestead associations, and other similar depository institutions
9. Non-deposit and limited purpose trust companies
10. NON-BANK BANKS
11. Registered securities brokers and dealers

C. CONSOLIDATION RULES

1. Banks and other depository institutions with head offices in the UNITED STATES should report all offices (including INTERNATIONAL BANKING FACILITIES (IBFs)) located in the UNITED STATES on a consolidated basis.
2. Bank holding companies should consolidate

their own CLAIMS and LIABILITIES and those of any non-banking SUBSIDIARIES, other than brokers and dealers and insurance underwriting entities.

3. Brokers and dealers, including brokers and dealers owned by banking organizations, should prepare consolidated reports for all of their offices and non-banking SUBSIDIARIES in the UNITED STATES. CLAIMS and LIABILITIES of insurance underwriting SUBSIDIARIES are excluded from these reports and included on the C forms.

Please note that banking Edge Act and Agreement corporations should report separately from their parent. Edge Act or Agreement corporations and UNITED STATES branches and agencies of a FOREIGN BANK should file these reports on the same basis as they use for their Quarterly Condition Report (FR 2886b and FFIEC 002, respectively).

D. ACCOUNTING RULES

All amounts should be reported gross, using SETTLEMENT DATE ACCOUNTING. Amounts should be reported in millions of U.S. dollars at the face value of the instrument. No decimals or negative values should be entered in any cell. (CLAIMS with negative balances should be reported as LIABILITIES and LIABILITIES with negative balances should be reported as CLAIMS.)

Respondents should deduct from CLAIMS any charge-offs

or specific reserves where there has been an identified loss. Charge-offs or specific reserves made during the reporting period should be totaled and reported in row 8200-9 on Forms BC, BQ-1 and BQ-2. CLAIMS should not be reduced by any general or valuation reserves.

E.WHAT MUST BE REPORTED

CLAIMS

Except as noted under "Specific Exclusions" at the end of this section, the following types of CLAIMS should be reported: (a) dollar-denominated CLAIMS of the reporting institution on FOREIGNERS (Forms BC and BQ-1, Part 1); (b) dollar-denominated CLAIMS of the reporting institution's UNITED STATES customers on FOREIGNERS (Form BQ-1, Part 2); (c) foreign currency-denominated CLAIMS of the reporting institution on FOREIGNERS (Form BQ-2, Part 1); and (d) foreign currency-denominated CLAIMS of the reporting institution's UNITED STATES customers on FOREIGNERS (Form BQ-2, Part 2).

CLAIMS on FOREIGNERS include but are not limited to the following:

1. DEPOSIT balances (including long-term certificates of deposit and negotiable certificates of deposit)
2. Foreign debt securities with original maturities of one year or less held for your own account
3. FEDERAL FUNDS sold

4. Loans
5. Holdings of BANKERS' ACCEPTANCES
6. FINANCIAL LEASES
7. Customers' liability on acceptances outstanding where the account party is a FOREIGNER
8. Funds lent under RESALE AGREEMENTS
9. Participations and syndications of loans

LIABILITIES

Except as noted under "Specific Exclusions" at the end of this section, the following types of LIABILITIES should be reported: (a) dollar-denominated LIABILITIES of the reporting institution to FOREIGNERS (Form BL-1); (b) dollar-denominated LIABILITIES of the reporting institution's UNITED STATES customers to FOREIGNERS (Form BL-2); and (c) foreign currency-denominated LIABILITIES of the reporting institution to FOREIGNERS (Form BQ-2, Part 1). Foreign currency-denominated LIABILITIES of the respondent's UNITED STATES customers to FOREIGNERS should not be reported.

LIABILITIES to FOREIGNERS include but are not limited to the following:

1. All DEPOSIT balances (including time DEPOSITS with an original maturity greater than one year, and negotiable certificates of deposit)

2. Debt securities issued with original maturities of one year or less, including COMMERCIAL PAPER and other short-term instruments issued in UNITED STATES and FOREIGN markets
3. FEDERAL FUNDS purchased
4. Funds borrowed under REPURCHASE AGREEMENTS
5. Other borrowed funds
6. Sales of participations in pools of loans

CUSTODY LIABILITIES

Report financial LIABILITIES (as listed above) of persons in the UNITED STATES, other than LONG-TERM SECURITIES, held by or through the reporting institution payable in U.S. dollars for the account of FOREIGNERS.

Custody CLAIMS

Report CLAIMS of domestic customers that represent CLAIMS on FOREIGNERS held here or outside the UNITED STATES.

Specific Exclusions

The following transactions are excluded from the TIC reports:

1. DIRECT INVESTMENT positions, including unremitted profits and losses of UNITED STATES branches and agencies of FOREIGN BANKS. However, banking institutions and bank holding companies should report their positions with FOREIGN AFFILIATES that arise out of normal banking business (e.g.,

intercompany loans and DEPOSITS.) DIRECT INVESTMENT should be reported to the Department of Commerce.

2. All debt securities with original maturities greater than one year and all equity securities. (These LONG-TERM SECURITIES are reported on TIC Form S.)
3. Unrealized gains or losses from the marking-to-market of assets and LIABILITIES, including gains and losses from DERIVATIVE CONTRACTS.
4. Accrued interest unless the interest is past due.
5. Off-balance sheet contracts including LETTERS OF CREDIT, unused lines of credit, unused portions of credit commitments and DERIVATIVE CONTRACTS.
6. Precious metals (e.g., gold, silver) and currencies held in respondents' vaults for FOREIGN accounts, in transit to or from the UNITED STATES, or held outside the UNITED STATES for the respondents' accounts or the accounts of their domestic customers.
7. The following CLAIMS and LIABILITIES of brokers and dealers: (a) balances from trading in securities, commodities and DERIVATIVE CONTRACTS; (b) intercompany balances with FOREIGN AFFILIATES.

F. EXEMPTION LEVELS

Exemption levels are determined on a reporter by reporter basis.

1. Monthly Reports

All institutions must file Forms BC/BC(SA) (for CLAIMS), Forms BL-1/BL-1(SA) (for LIABILITIES) and/or Forms BL-2/BL-2(SA) (for CUSTODY LIABILITIES) if their reportable CLAIMS or LIABILITIES, denominated in dollars, on that form are either: (a)\$50 million or more in the aggregate; or (b)\$25 million or more from or to an individual country. If an institution exceeds the exemption level in any month, the entity should submit the form for each subsequent month of that year, and the 12 months of the following year.

The exemption criteria are applied to Forms BC, BL-1, and BL-2 as follows:

Form	Description	Grand Total (\$50 million or more)	Individual Country Data (\$25 million or more)
BC	Reporter's own dollar CLAIMS on FOREIGNERS	Sum of Row 99996, Columns 1-5	For any country row, Sum of Columns 1-5
BL-1	Reporter's own dollar LIABILITIES to FOREIGNERS	Sum of Row 99996, Columns 1-10 and Row 82001, Columns 2,5,7,9	For any country row, Sum of Columns 1-10
BL-2	Reporter's custody dollar LIABILITIES to FOREIGNERS	Sum of Row 99996, Columns 1-9	For any country row, Sum of Columns 1-9

2. Quarterly Reports

BQ-1 Part 1

All Form BC respondents must submit Form BQ-1, Part 1 for each calendar quarter-end in which the respondent reports CLAIMS against unaffiliated FOREIGNERS on Form BC.

BQ-1 Part 2

Form BQ-1 Part 2 must be filed by the reporter for each quarter-end that domestic customers' CLAIMS on FOREIGNERS (Row 99996, sum of columns 6,7, and 8) total \$50 million or more or if domestic customers' CLAIMS are \$25 million or more on an individual country.

BQ-2

A \$50 million exemption level is applied separately to three different sections of Form BQ-2 as shown in the following table. Data are required only for those sections that exceed the exemption level.

BQ-2 Section	Description	Grand Total (\$50 million or more)	Individual Country Data (\$25 million or more)
Part 1 Column 1	Reporter's own foreign currency LIABILITIES to FOREIGNERS	Row 99996, Column 1	For any country row, Column 1
Part 1 Column 2 and 3	Reporter's own foreign currency CLAIMS on FOREIGNERS	Sum of Row 99996, Columns 2 and 3	For any country row, Sum of Columns 2 and 3
Part 2	Reporter's domestic customers' foreign currency CLAIMS on FOREIGNERS	Sum of Row 99996, Columns 4 and 5	For any country row, Sum of Columns 4 and 5

Once a reporter is required to file a particular quarterly report or section thereof, the reporter must continue to report for the remainder of that calendar year and for the four quarters of the following year, even if amounts fall below the exemption level in subsequent quarters.

3. BL-3 Report

Form BL-3 is designed to be used by UNITED STATES intermediaries to notify non-bank customers in the UNITED STATES that they have a reporting obligation to the Federal Reserve Bank of New York, for borrowings from FOREIGNERS. If the UNITED STATES intermediary is being used by FOREIGNERS for their UNITED STATES address and to service the loan, and the loan is to a non-bank in the UNITED STATES, a BL-3 should be filed. In lieu of a BL-3, the intermediary may report the borrowing on its own BL-2 as if the customer's liability on such loans were in the reporter's custody. A reporter is exempt from filing Form BL-3 if it is exempt from filing Form BL-2.

4. Semiannual Reports

All Form BC, BL-1 and BL-2 respondents must submit Form BC(SA), BL-1(SA) and BL-2(SA) for any June and December in which the respondent reports CLAIMS and/or LIABILITIES in any of the geographic areas "Other Europe," "Other Latin America and Caribbean," "Other Asia," "Other Africa," and "All Other" on its monthly B reports.

G. FOREIGN CURRENCY-DENOMINATED CLAIMS AND LIABILITIES

Only U.S. dollar denominated CLAIMS and LIABILITIES should be reported on TIC Forms BC, BL-1, BL-2, BQ-1, BC(SA), BL-1(SA), and BL-2(SA). Foreign currency-denominated CLAIMS and LIABILITIES should be reported on Form BQ-2 and be converted to U.S. dollar equivalents using the spot exchange rates on the as-of date of the report.

H. FILING DEADLINES AND WHERE TO FILE

Forms BC, BL-1 and BL-2 are due no later than the 15th calendar day following the last day of the month covered by the reports. Forms BQ-1 and BQ-2 are due not later than the 20th calendar day following the last day of the quarter covered by the reports. Forms BC(SA), BL-1(SA), and BL-2 (SA) are due no later than 30 days following the last day of June and December. If the due date of the report falls on a weekend or holiday, the due date is the following business day.

Commercial banks, bank holding companies and all other reporters (except brokers and dealers) should file with the Federal Reserve Bank in which the reporter is located. Brokers and dealers should file their reports with the Federal Reserve Bank of New York, regardless of their location.

Reporter ID Number

Each reporting entity has been assigned a "RSSD-ID" number by the Federal Reserve System. To ensure proper processing,

this ID must be entered in the space provided on each form. If you do not know your RSSD ID number, please call the Federal Reserve Bank where you submit your form.

I. SECTOR DEFINITION

Amounts reported on country lines are allocated to columns based on the sector of the counterparty as follows:

FOREIGN OFFICIAL INSTITUTIONS (Forms BL-1 and BL-2) include:

1. Treasuries, including ministries of finance, or corresponding departments of national governments; central banks, including all departments thereof; stabilization funds, including official exchange control offices or other government exchange authorities; and diplomatic and consular establishments and other departments and agencies of national governments.
2. International and regional organizations
3. Banks, corporations, or other agencies (including DEVELOPMENT BANKS and institutions that are majority-owned by central governments) that are fiscal agents of national governments, performing activities similar to those of a treasury, central bank, stabilization fund, or exchange control authority.

FOREIGN PUBLIC BORROWERS (Forms BC and BQ-1) include:

1. FOREIGN OFFICIAL INSTITUTIONS, as defined above
2. FOREIGN state, provincial, and local governments and their corresponding departments and agencies

3. Corporations that are majority-owned by FOREIGN governments
OWN FOREIGN OFFICES

1. UNITED STATES depository institutions and bank holding companies should report positions with their FOREIGN offices including any FOREIGN branches and banking SUBSIDIARIES located outside the UNITED STATES. Minority-owned banking SUBSIDIARIES should be included in 'UNAFFILIATED FOREIGN BANKS.'" Minority-owned non-banking organizations should be included in "ALL OTHER FOREIGNERS."

2. UNITED STATES agencies and branches of FOREIGN BANKS should report positions with their FOREIGN parent and the parent's offices including the parent's FOREIGN SUBSIDIARIES.

3. Edge Act and Agreement corporations should report positions with their FOREIGN parent and its offices including FOREIGN SUBSIDIARIES of the parent.

4. Brokers and dealers should not report data for this category, even if the broker or dealer is an AFFILIATE of a bank. Brokers and dealers should report their positions with FOREIGN AFFILIATES to the Department of Commerce on the DIRECT INVESTMENT Forms.

UNAFFILIATED FOREIGN BANKS include:

Banks (defined under the laws of the home country) including commercial banks, savings banks, DEVELOPMENT BANKS, discount houses and other similar FOREIGN institutions that are not included in OWN FOREIGN OFFICES and are not FOREIGN OFFICIAL INSTITUTIONS.

Please note that on Forms BC and BQ-1 only, DEVELOPMENT BANKS and other banks that are majority owned by FOREIGN governments should be reported as FOREIGN PUBLIC BORROWER, rather than UNAFFILIATED FOREIGN BANK.

ALL OTHER FOREIGNERS includes:

1. FOREIGN non-banking entities, such as brokers and dealers
2. other corporations, partnerships, and individuals, including non-bank financial institutions

Please note that on Forms BL-1 and BL-2 this sector also includes departments and agencies of FOREIGN state, provincial, and local governments, as well as the agencies and corporations of FOREIGN central governments not covered by another FOREIGNER classification.

J. REPORTING OF LOCATION

Positions with FOREIGNERS should be reported opposite the country or geographical area in which the counterparty resides. Do not report positions based on the currency of the position or the country of a parent institution or guarantor (i.e., ultimate risk).

Exceptions:

1. Positions with the branches or agencies of FOREIGN OFFICIAL INSTITUTIONS should be reported opposite the country of the official institution.

2. Positions with international and multi-national regional organizations, whether located in the UNITED STATES or elsewhere, should be reported opposite the classification "International," "European," "Latin American," "Asian," "African," or "Middle Eastern" regional organizations, as appropriate. Examples of some of these organizations which are located in the UNITED STATES are:

International Bank for Reconstruction and Development (the World Bank)

International Development Association

International Finance Corporation

International Monetary Fund

International Red Cross

Inter-American Development Bank

Organization of American States

United Nations

World Health Organization

3. The Bank for International Settlements should be reported opposite the regional classification "Other Europe." (A copy of a list of FOREIGN OFFICIAL INSTITUTIONS is included in Appendix ; a copy of the Geographical Classification is included in Appendix .)

K. ALTERNATIVE METHODS OF REPORTING

In lieu of reports on the printed Treasury

International Capital Forms, the required data may be reported on computer printouts in the same format, signed by a responsible officer at the reporting institution or by electronic submission.

L. REVIEW OF DATA AND REQUEST FOR REVISED DATA

Data submitted on the Treasury International Capital Series Forms are reviewed by Federal Reserve System staff. As a result of these review and editing procedures, the respondent may be asked by Reserve Bank staff to explain unusual changes.

DRAFT

SPECIFIC COLUMN INSTRUCTIONS FOR THE PREPARATION OF TREASURY
INTERNATIONAL CAPITAL (TIC) FORM BC - REPORTING BANK'S OWN
CLAIMS, AND SELECTED CLAIMS OF BROKERS OR DEALERS, ON FOREIGNERS,
DENOMINATED IN U.S. DOLLARS

Report on this form all U.S. dollar denominated CLAIMS on
FOREIGNERS including 1) balances due from banks, 2) loans, 3)
short-term securities and money market instruments, 4)
LIABILITIES of foreigners on BANKERS' ACCEPTANCES outstanding,
5) items in process of collection, 6) RESALE AGREEMENTS and 7)
the reporter's share of syndicated and participated credits.
Exclude from this form all LONG-TERM SECURITIES and DIRECT
INVESTMENTS.

Brokers and dealers should report assets that represent
CLAIMS on FOREIGNERS such as loans to FOREIGNERS under
REPURCHASE AGREEMENTS, COMMERCIAL PAPER issued by foreign
entities, and certificates of deposit issued by banks outside
the UNITED STATES. Exclude from this report all LONG-TERM
SECURITIES and BROKERAGE BALANCES due from foreigners in
brokerage accounts and CLAIMS on related offices outside the
UNITED STATES.

SPECIFIC COLUMN INSTRUCTIONS FOR FORM BC

On FOREIGN PUBLIC BORROWERS (Column 1)

Banks and broker/dealers should report their own CLAIMS, on FOREIGN PUBLIC BORROWERS.

On Unaffiliated FOREIGN Banks (Columns 2 and 3)

Deposits (Column 2)

Banks should report the gross amount of DEPOSITS held at UNAFFILIATED FOREIGN BANKS. Include:

- demand DEPOSITS
- savings and time DEPOSITS

Exclude the following:

- 1) DEPOSITS held at OWN FOREIGN OFFICES.
- 2) Certificates of deposit held outside the UNITED STATES through other banks in the UNITED STATES (reported on TIC form BL-2).

Overdrawn accounts of your institution with FOREIGN BANKS should be raised to zero and should not be netted against good balances. The amount of the OVERDRAFT should be reported on the Form BL-1. Overdrawn accounts of foreigners should be reported as a CLAIM on Form BC.

Other CLAIMS (Column 3)

Report gross CLAIMS on UNAFFILIATED FOREIGN BANKS other than DEPOSITS reported in column 2.

On OWN FOREIGN OFFICES (Column 4)

Report gross CLAIMS on your OWN FOREIGN OFFICES. Brokers and dealers should exclude balances due from related foreign offices, including foreign parent. These CLAIMS are reported on U.S. Commerce Department DIRECT INVESTMENT surveys.

On ALL OTHER FOREIGNERS (Column 5)

Report all CLAIMS on ALL OTHER FOREIGNERS not reported in columns 1, 2,3 or 4.

RESALE AGREEMENTS (Column 7)

Report the amounts included in columns 1, 3, and 5 of funds loaned to FOREIGNERS under an agreement to resell. Do not report the value of the underlying collateral. Resale agreements amounts should be reported gross basis (do not apply FIN 41).

Memorandum Row ASSETS WRITTEN OFF THIS REPORTING PERIOD

Report the amount of charge-offs or specific reserves (partially or entirely) for reportable claims during the

reporting period. Do not include any general reserves that you may have established.

Memorandum Row INTERNATIONAL BANKING FACILITIES CLAIMS

For each column, report amounts included in the Grand Total that represents CLAIMS of the reporter's INTERNATIONAL BANKING FACILITIES on FOREIGNERS.

DRAFT

SPECIFIC COLUMN INSTRUCTIONS FOR THE PREPARATION OF TREASURY
INTERNATIONAL CAPITAL (TIC) FORM BL-1 - REPORT OF BANK'S OWN
LIABILITIES, AND SELECTED LIABILITIES OF BROKER OR DEALER, TO
FOREIGNERS, DENOMINATED IN U.S. DOLLARS

Report on the BL-1 all U.S. dollar denominated LIABILITIES
to FOREIGNERS including DEPOSIT balances, short-term securities,
FEDERAL FUNDS purchased, borrowings, REPURCHASE AGREEMENTS.
Exclude all LONG-TERM SECURITIES.

SPECIFIC COLUMN INSTRUCTIONS FOR FORM BL-1

To FOREIGN OFFICIAL INSTITUTIONS (Columns 1, 2, and 3)

Report LIABILITIES due to FOREIGN OFFICIAL INSTITUTIONS.

DEMAND DEPOSITS (Column 1)

Report demand DEPOSIT LIABILITIES due to FOREIGN OFFICIAL
INSTITUTIONS. Exclude savings DEPOSITS, time DEPOSITS, and
other transaction accounts (e.g., NOW accounts). Overdrawn
accounts of customers should be raised to zero and should not be
netted against good balances. The amount of the OVERDRAFT
should be reported on the Form BC. Overdrawn accounts of
FOREIGNERS customers should be reported on the TIC form BL-1.

Time and Savings DEPOSITS (Column 2)

Report DEPOSITS and other transaction accounts (e.g., NOW accounts) to FOREIGN OFFICIAL INSTITUTIONS. Exclude negotiable certificates of deposit. These amounts should be included instead on the memorandum section of this report (Row 8200-1).

Other LIABILITIES (Column 3)

Report LIABILITIES to FOREIGN OFFICIAL INSTITUTIONS other than demand, time, and savings DEPOSITS reported in columns 1 and 2. Include in this column:

- FEDERAL FUNDS purchased
- REPURCHASE AGREEMENTS
- deferred credits
- COMMERCIAL PAPER and other short term securities issued in foreign markets
- participations in pools of loans sold to foreigners
- all other reportable LIABILITIES to foreigners.

Exclude LIABILITIES to foreigners representing BANKERS'

ACCEPATANCES executed and outstanding. LIABILITIES for BANKERS' ACCEPTANCES should be reported as CUSTODY LIABILITIES to foreigners on Form BL-2.

To UNAFFILIATED FOREIGN BANKS

Columns 4, 5, and 6 - Report LIABILITIES due to UNAFFILIATED FOREIGN BANKS. (Use the categorization rules for columns 1, 2, and 3 above).

To OWN FOREIGN OFFICES

Column 7 - Report all gross LIABILITIES due to your OWN FOREIGN OFFICES.

To ALL OTHER FOREIGNERS

Columns 8, 9, and 10 - Report LIABILITIES due to all OTHER FOREIGNERS. (Use the categorization rules for columns 1, 2, and 3 above).

REPURCHASE AGREEMENTS

Column 11 - Report the amounts included in columns 3, 6, and 10 of funds received from FOREIGNERS under REPURCHASE AGREEMENTS. Report such amounts based on the amount of the borrowing and not on the value of the underlying collateral. These balances should be reported gross (do not apply FIN 41).

MEMORANDUM ROW (8200-1) Negotiable Certificates of Deposit
Issued to Foreigners

Report in columns 2, 5, and 9 the aggregate amounts of Negotiable time certificates of deposit issued to FOREIGNERS. Holdings for FOREIGNERS of negotiable certificates of deposit, whether issued

by you or other institutions in the UNITED STATES, should be reported as CUSTODY LIABILITIES to FOREIGNERS on Form BL-2.

MEMORANDUM ROW INTERNATIONAL BANKING FACILITIES LIABILITIES

For each column, report amounts included in the Grand Total (9999-6) which represent LIABILITIES of the reporter's INTERNATIONAL BANKING FACILITIES to FOREIGNERS.

DRAFT

SPECIFIC COLUMN INSTRUCTIONS FOR THE PREPARATION OF TREASURY
INTERNATIONAL CAPITAL (TIC) FORM BL-2 - CUSTODY LIABILITIES OF
REPORTING BANKS, BROKERS AND DEALERS TO FOREIGNERS, DENOMINATED
IN U.S. DOLLARS

Report all U.S. dollar denominated LIABILITIES of entities in the
UNITED STATES, other than LONG-TERM SECURITIES, held for
FOREIGNERS either in direct custody or in their own name with
a CUSTODIAN or other institutions. If the reporting
institution is used by FOREIGNERS as their UNITED STATES
address in connection with their financial transactions with
persons in the UNITED STATES, the reporting institution must
report LIABILITIES of persons in the UNITED STATES that result
from such transactions as if such LIABILITIES were in the
reporter's custody, or must inform the UNITED STATES persons
who owe the LIABILITIES that they are due to FOREIGNERS,
identifying the countries and amounts relevant to each. If
the reporter chooses the latter option with respect to foreign
borrowings by U.S. non-bank customers, Form BL-3,
"Intermediary's Notification of Foreign Borrowing Denominated
in U.S. Dollars," must be used.

LIABILITIES held in CUSTODY should include DEPOSITS, short-
term securities, FEDERAL FUNDS purchased, borrowings, REPURCHASE

AGREEMENTS, and sales of participations in non-securitized pools of loans.

SPECIFIC COLUMN INSTRUCTIONS FOR FORM BL-2

To FOREIGN OFFICIAL INSTITUTIONS (Columns 1, 2, 3, and 4)

Report CUSTODY LIABILITIES due to FOREIGN OFFICIAL INSTITUTIONS broken down into the following categories.

Short-Term U.S. Treasury Obligations (Column 1)

Report holdings for the account of FOREIGN OFFICIAL INSTITUTIONS of UNITED STATES TREASURY OBLIGATIONS with an original maturity of one year or less at face value.

Short-Term U.S. Government AGENCY OBLIGATIONS (Column 2)

Report holdings for the account of FOREIGN OFFICIAL INSTITUTIONS of short-term UNITED STATES GOVERNMENT AGENCY OBLIGATIONS with an original maturity of one year or less at face value.

Other Negotiable and Readily Transferable Instruments (Column 3)

Report the amount of negotiable and readily transferable instruments held for the account of FOREIGN OFFICIAL INSTITUTIONS that represent LIABILITIES, of UNITED STATES residents including:

- negotiable certificates of DEPOSIT whether issued by you or other institutions in the UNITED STATES
- BANKERS' ACCEPTANCES created by you or other institutions in the UNITED STATES
- COMMERCIAL PAPER issued in the UNITED STATES
- Obligations of state and local governments, and of private U.S. corporations with an original maturity of one year or less.

Exclude bills drawn by FOREIGNERS and accepted by the reporting institution, unless they are held for the account of FOREIGNERS.

Other CUSTODY LIABILITIES (Column 4)

Report all other items not included in columns 1, 2, or 3 held for the account of FOREIGN OFFICIAL INSTITUTIONS which represent LIABILITIES of persons in the UNITED STATES, except for LONG-TERM SECURITIES. Other CUSTODY LIABILITIES includes:

- participations granted to FOREIGNERS in loans to customers located in the UNITED STATES
- bills held for collection for FOREIGNERS.

To FOREIGN BANKS (Columns 5, 6, 7, and 8)

Report CUSTODY LIABILITIES due to FOREIGN BANKS, including your OWN FOREIGN BANKS. (Use the categorization rules for columns 1, 2, 3, and 4 above.)

To ALL OTHER FOREIGNERS (Columns 9, 10, 11, and 12)

Report CUSTODY LIABILITIES due to all other FOREIGNERS.

(Use the categorization rules for columns 1, 2, 3, and 4 above.)

Memorandum CUSTODY Holdings of Negotiable Certificates of
DEPOSIT

Column 13 - Report the amounts included in columns 3, 7, and 11
of negotiable Certificates of DEPOSIT held in CUSTODY for
FOREIGNERS, whether issued by you or other institutions in the
UNITED STATES, including U.S. offices of FOREIGN BANKS.

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SPECIFIC COLUMN INSTRUCTIONS FOR THE PREPARATION OF TREASURY
INTERNATIONAL CAPITAL (TIC) FORM BQ-1

PART I - QUARTERLY REPORT OF REPORTING BANK'S OWN CLAIMS, AND
SELECTED CLAIMS OF BROKER OR DEALER, ON FOREIGNERS DENOMINATED
IN U.S. DOLLARS

PART II - QUARTERLY REPORT OF DOMESTIC CUSTOMERS' CLAIMS ON
FOREIGNERS HELD BY REPORTING BANK, BROKER OR DEALER DENOMINATED
IN U.S. DOLLARS

Report all U.S. dollar denominated CLAIMS on FOREIGNERS
including 1) balances due from banks, 2) loans, 3) short-term
securities and money market instruments, 4) LIABILITIES of
FOREIGNERS on BANKERS' ACCEPTANCES outstanding, 5) items in
process of collection, 6) RESALE AGREEMENTS and 7) the reporter's
share of syndicated and participated credits. Exclude all long-
term securities and DIRECT INVESTMENTS.

SPECIFIC COLUMN INSTRUCTIONS FOR FORM BQ-1, PART I

Reporting bank's own CLAIMS on FOREIGNERS.

On FOREIGN PUBLIC BORROWERS - One Year or Less (Column 1)

Report the gross amount of CLAIMS held at FOREIGN PUBLIC BORROWERS with an original maturity of one year or less. Include demand, savings and time DEPOSITS. Exclude CLAIMS of UNITED STATES branches and agencies whose head offices are classified as FOREIGN PUBLIC BORROWERS in their respective countries (included in column 2). Exclude certificates of DEPOSIT held outside the UNITED STATES through other banks in the UNITED STATES.

On FOREIGN PUBLIC BORROWERS - Over One Year (Column 2)

Report the gross amount of CLAIMS held at FOREIGN PUBLIC BORROWERS with an original maturity of greater than one year. Exclude certificates of DEPOSIT held outside the UNITED STATES through other banks in the UNITED STATES.

On OTHER FOREIGN BORROWERS - One Year of Less (Column 3)

Report the gross amount of CLAIMS held at UNAFFILIATED FOREIGN BANKS with an original maturity of one year or less. Include demand, savings and time DEPOSITS. Exclude from this column, CLAIMS held at OWN FOREIGN OFFICES. Exclude certificates of DEPOSIT held outside the UNITED STATES through other banks in the UNITED STATES.

On OTHER FOREIGN BORROWERS - Over One Year (Column 4)

Report the gross amount of CLAIMS held at UNAFFILIATED FOREIGN BANKS with an original maturity of one year or less. Exclude

from this column, CLAIMS and DEPOSITS held at OWN FOREIGN OFFICES. Also exclude certificates of DEPOSIT issued by FOREIGN BANKS.

Memorandum - Customer Liability on Acceptances (Column 5)

Report customer liabilities of affiliated and UNAFFILIATED FOREIGNERS on BANKERS' ACCEPTANCES reported in column 1 through 4.

SPECIFIC COLUMN INSTRUCTIONS FOR FORM BQ-1, PART II

Report CLAIMS of customers located in the UNITED STATES on FOREIGNERS held by the reporter.

DEPOSITS (Column 6)

Report the gross amount of DEPOSITS, held for the account of customers in the UNITED STATES. Include:

- demand DEPOSITS
- savings DEPOSITS and other transaction accounts
- time DEPOSITS
- non-negotiable certificates of DEPOSIT

Exclude negotiable certificates of DEPOSIT, these are included in column 7.

Other Negotiable and Readily Transferable Instruments (Column 7)

Report the amount of negotiable and readily transferable instruments held for UNITED STATES customers that represent CLAIMS on FOREIGNERS, including:

- negotiable certificates of DEPOSIT issued by FOREIGNERS
- BANKERS' ACCEPTANCES created by FOREIGNERS
- FOREIGN COMMERCIAL PAPER
- short-term debt obligations of FOREIGNERS.

Outstanding Collections and Other CLAIMS (Column 8)

Report all other LIABILITIES not included in columns 6 or 7 held for UNITED STATES customers that represent CLAIMS on FOREIGNERS. Exclude LONG-TERM SECURITIES.

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SPECIFIC COLUMN INSTRUCTIONS FOR THE PREPARATION OF TREASURY
INTERNATIONAL CAPITAL (TIC) FORM BQ-2

PART I - REPORT OF LIABILITIES TO, AND CLAIMS ON, FOREIGNERS
PAYABLE IN FOREIGN CURRENCIES, OF REPORTING BANK, BROKER OR
DEALER

PART II - REPORT OF DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS
PAYABLE IN FOREIGN CURRENCIES, HELD BY REPORTING BANK, BROKER OR
DEALER

SPECIFIC COLUMN INSTRUCTIONS FOR FORM BQ-2, PART I

Report on this form all LIABILITIES to FOREIGNERS including
DEPOSIT balances, short-term securities, FEDERAL FUNDS
purchased, borrowings, and REPURCHASE AGREEMENTS denominated in
foreign (non-U.S.) currencies. Also, report all CLAIMS on
FOREIGNERS including 1) balances due from banks, 2) loans, 3)
short-term securities and money market instruments, 4)
LIABILITIES of FOREIGNERS on BANKERS' ACCEPTANCES outstanding,
5) items in process of collection, 6) RESALE AGREEMENTS and 7)
the reporter's share of syndicated and participated credits
denominated in foreign currencies. Exclude all long-term
securities and DIRECT INVESTMENTS.

LIABILITIES to FOREIGNERS (Column 1)

Report all LIABILITIES to FOREIGNERS including DEPOSIT balances, short-term securities, FEDERAL FUNDS purchased, borrowings, REPURCHASE AGREEMENTS, and BANKERS' ACCEPTANCES executed that are outstanding and denominated in foreign currencies.

Reporter's Own CLAIMS on FOREIGNERS (Columns 2 and 3)

DEPOSITS (Column 2)

Report the gross amount of DEPOSITS held at UNAFFILIATED FOREIGN BANKS denominated in foreign currencies. Include demand, savings and time DEPOSITS. Exclude from this column, DEPOSITS held at OWN FOREIGN OFFICES. Also exclude certificates of deposit held outside the UNITED STATES through other banks in the UNITED STATES.

Other CLAIMS (Column 3)

Report under Other CLAIMS, your own CLAIMS denominated in foreign currencies on UNAFFILIATED FOREIGN BANKS other than DEPOSITS reported in column 2.

SPECIFIC COLUMN INSTRUCTIONS FOR FORM BQ-2, PART II

CLAIMS of Reporter's Domestic Customers (Columns 4 and 5)

DEPOSITS (Column 4)

Report the gross amount of DEPOSITS held at UNAFFILIATED FOREIGN BANKS denominated in foreign currencies for customers in the UNITED STATES. Include demand, savings, and time DEPOSITS. Exclude from this column, DEPOSITS held at OWN FOREIGN OFFICES. Also exclude certificates of DEPOSIT held outside the UNITED STATES through other banks in the UNITED STATES.

Other CLAIMS (Column 5)

Report CLAIMS on customers' located in the UNITED STATES denominated in foreign currencies on UNAFFILIATED FOREIGN BANKS other than DEPOSITS reported in column 4.

Memorandum Row ASSETS WRITTEN OFF THIS REPORTING PERIOD

For columns 2-6 report assets charged off. Report the amount of charge-offs or specific reserves (partially or entirely) for reportable claims during the reporting period. Do not include any general reserves that you may have established.

Memorandum Row Foreign Currency Detail Report

For each column, report the amounts reported in the Grand Total row (9999-6) that are denominated in Euros, Pound Sterling, Japanese Yen, and Canadian Dollars under the respective columns converted to U.S. dollars using the spot exchange rate on the as-of date.

GLOSSARY

AFFILIATE, AFFILIATED -- Two companies are AFFILIATES of each other (AFFILIATED) if one beneficially owns 10 percent or more of the other or if a third company beneficially owns 10 percent of both companies. (See also FOREIGN AFFILIATE.)

ALL OTHER FOREIGNERS -- See General Instructions, Section I.

BANKERS' ACCEPTANCES -- A BANKERS' ACCEPTANCE is a draft or bill of exchange that has been drawn on and accepted by a banking institution (the accepting bank) or its agent for payment by the accepting bank at a future date specified in the instrument. Funds are advanced to the drawer of the acceptance by the discounting of the acceptance by the accepting bank or by others. The accepted draft is negotiable and may be sold after its original discounting. At the maturity date, the holder of the acceptance, who has advanced funds either by initial discount or subsequent purchase, presents the acceptance to the accepting bank for payment.

The accepting bank has an unconditional obligation to pay the holder the face amount of the draft on presentation. The

account party (customer) has an unconditional obligation to pay the accepting bank at or before the maturity date.

BANKERS' ACCEPTANCES denominated in U.S. dollars executed and outstanding by the reporter should be reported on Form BL-1. LIABILITIES for BANKERS' ACCEPTANCES denominated in FOREIGN currency should be reported on Form BQ-2. CLAIMS of the reporter from customer LIABILITIES outstanding or held in a portfolio should be reported on Form BC and BQ-1. Dollar CLAIMS of the reporter from acceptances held in its portfolio or trading account should be reported on Form BC and Form BQ-1, Columns 1-4. FOREIGN currency CLAIMS should be reported on Form BQ-2.

The accepting bank should report the full amount of the total obligation to pay the holder of the acceptance. When the accepting bank participates the obligation to pay the holder of the acceptance at maturity or in the risk of loss in the event of default on the part of the account party, the accepting banks should not reduce its obligation to honor the full amount of the acceptance.

BRADY BONDS -- Bonds issued by a FOREIGN government or central bank in exchange for loans under the Brady Plan. Brady bonds

are excluded from the TIC B forms, and are reported on the TIC S form. (See also DEBT RESTRUCTURING.)

BROKERAGE BALANCES -- Any cash position of a FOREIGNER held by a broker or dealer and positions of a broker or dealer held by a FOREIGNER from trading financial assets (including margin accounts). BROKERAGE BALANCES are excluded from the TIC forms.

CLAIMS -- See General Instructions, Section E.

COMMERCIAL PAPER -- An unsecured promissory note usually sold at a discount and customarily having a fixed maturity of up to 270 days. COMMERCIAL PAPER should be reported on the B forms at face value.

COMMINGLED ACCOUNT -- An account in which the investment funds of individual clients are pooled, with each client owning portions of the pooled account. The shares in the COMMINGLED ACCOUNT are reported on the TIC Form S only.

CREDIT BALANCES -- Special purpose DEPOSITS arising out of the exercise of lawful banking powers, including the payment of checks and lending of money. They must be no larger than necessary for the specific transaction. CREDIT BALANCES are reported as demand DEPOSITS on Form BL-1.

CUSTODIAN -- A bank or other institution that has the fiduciary responsibility to manage or administer for safekeeping the securities or other assets of clients.

CUSTODY LIABILITIES -- Financial LIABILITIES of UNITED STATES residents, the custody of which is managed or administered by the reporter for account of its FOREIGN customers. CUSTODY LIABILITIES include BANKERS' ACCEPTANCES, negotiable certificates of DEPOSIT, DEPOSIT NOTES, loans, loan participations, and short-term securities. FOREIGN currency CUSTODY LIABILITIES are not reportable on any TIC forms.

DEBT RESTRUCTURING -- Loans granted to FOREIGNERS to replace other forms of debt or equity as a result of debtors negotiating with their creditors to arrive at arrangements for payment that are satisfactory to both. One example is the Brady Debt Restructuring Plan, created to provide relief to less developed nations. International organizations, such as the World Bank and the International Monetary Fund (IMF) make loans to debtor nations that will enable them to negotiate debt reduction packages with commercial banks. Debtor nations use these loans to purchase collateral backing new bonds, or to purchase their commercial bank debt at a discount for cash. Brady Plans are implemented on a case-by-case basis between individual countries and their creditors.

Respondents that exchange debt (i.e. loans) for bonds or participate in cash buyback plans should remove the CLAIM from Form BC or Form BQ-2. Banks that received discount bonds or participated in the cash buyback must account for the exchange as a write-off. The amount of the write off should be reported in the memorandum section of Forms BC and BQ-1, as the difference between the amount of the debt exchanged and the amount of cash or the face amount of the discount bond received.

Respondents that receive collateral in the form of time DEPOSITS from the debtor nation should report these LIABILITIES on Form BL-1 or Form BQ-2.

DEFERRED PAYMENT LETTER OF CREDIT -- A DEFERRED PAYMENT LETTER OF CREDIT is a LETTER OF CREDIT issued by a FOREIGN BANK in favor of an UNITED STATES exporter and confirmed by a bank in the UNITED STATES. DEFERRED PAYMENT LETTERS OF CREDIT should be reported on the B Forms **unless** they are issued, confirmed, or advised by a bank in the UNITED STATES in favor of the Commodity Credit Corporation (CCC), or another UNITED STATES Government agency, in connection with the financing of UNITED STATES exports.

DEPOSIT NOTES -- Debt instruments issued by banking institutions in denominations of \$100,000 or more. These notes, exempt from SEC registration, are sold to investors in fully registered form through agents/underwriters, and are actively traded in the secondary market. DEPOSIT NOTES are included on the B Forms as negotiable certificates of DEPOSIT.

DEPOSITS -- The unpaid balance of money or its equivalent received or held by a bank in the usual course of business and for which it has given or is obligated to give credit, either conditionally or unconditionally, to a commercial, checking, savings, or time account, or which is evidenced by its certificate of indebtedness, or other similar name, or a check or draft drawn against a DEPOSIT account and certified by the bank, or a LETTER OF CREDIT or a traveler's check on which the bank is primarily liable.

Demand deposits are non-interest-bearing DEPOSITS that are payable immediately on demand, or that are issued with an original maturity or required notice period of less than seven days. Demand deposits exclude: (i) money market deposit accounts (MMDAs) and (ii) NOW accounts;

Savings deposits and other transaction accounts are DEPOSITS that are not payable on a specified date or after a specified

period of time from the date of deposit, but for which the reporting institution expressly reserves the right to require at least seven days' written notice before an intended withdrawal.

Time deposits are payable on a specified date not less than seven days after the date of deposit or payable at the expiration of a specified time not less than seven days after the date of deposit, or payable only upon written notice that is actually required to be given by the depositor not less than seven days prior to withdrawal.

Time certificates of deposit are DEPOSITS evidenced by a negotiable or nonnegotiable instrument, or a deposit in book entry form evidenced by a receipt or similar acknowledgement issued by the bank, that provides, on its face, that the amount of such deposit is payable to the bearer, to any specified person, or to the order of a specified person.

DERIVATIVE CONTRACTS -- Financial instruments whose value depends on, or are derived from, the prices or levels of indexes or underlying assets, such as interest rates, foreign exchange rates, equities, or commodities, and that represent an agreement between two or more counterparties on the price or level of the asset or index for exchange or settlement at a later specified

date. DERIVATIVE CONTRACTS include forwards, futures, options, and swaps.

DEVELOPMENT BANKS -- Agencies and DEVELOPMENT BANKS owned by national governments that are established to promote economic development of sectors of the economy, such as trade, housing, agriculture, finance and industry.

DIRECT INVESTMENT -- The beneficial ownership or control by one person of 10 percent or more of the voting stock of an incorporated business enterprise, or an equivalent interest in an unincorporated enterprise, including a branch, excluding the non-parent intercompany debt between banking/depository institutions and its FOREIGN AFFILIATES.

Direct investment includes the AFFILIATE'S profit and loss, permanent capital and the intercompany debt between an UNITED STATES nonbank and its FOREIGN AFFILIATES. Direct Investment is excluded from the B forms. Intercompany debt other than permanent capital between depository institutions and its FOREIGN AFFILIATES is reported on the B forms.

DISCOUNT NOTES -- Short-term negotiable instruments that are issued at a discount. Holdings of DISCOUNT NOTES issued by UNITED STATES parties and held for FOREIGNERS are reportable at

face value on Form BL-2 by UNITED STATES CUSTODIANS. UNITED STATES investors are responsible to report their ownership of notes issued by FOREIGNERS on TIC Forms BC, BQ-2, or CQ-1. UNITED STATES investors that have entrusted these notes to UNITED STATES CUSTODIANS are not required to report them; the UNITED STATES CUSTODIANS are required to report the notes on behalf of their domestic customers on Part 2 of Forms BQ-1 or BQ-2.

EUROCOMMERCIAL PAPER - COMMERCIAL PAPER issued by UNITED STATES residents in FOREIGN markets. The issuer reports Eurocommerical paper issued in dollars on Form BL-1 opposite the country and classification of the FOREIGN placement agent. Eurocommerical Paper issued in FOREIGN currency are reported on the BQ-2 opposite the resident country of the FOREIGN placement agent.

EURO MEDIUM-TERM NOTES -- Notes issued under a continuously offered program and sold in a FOREIGN market through FOREIGN agents. Euro notes denominated in U.S. dollars with original maturities of one year or less are reported on Form BL-1 as "Other LIABILITIES" opposite the country and classification of the FOREIGN agents. Any long-term tranche is reported on Form S.

FEDERAL FUNDS TRANSACTIONS -- Immediately available funds the purchaser can either use or dispose of on the same business day that the transaction giving rise to the receipt or disposal of the funds is executed. The term Federal Funds refers to an uncollateralized loan and should be reported on the B Forms in the same manner as any other extension of credit.

FINANCIAL LEASE -- A form of secured borrowing in which the borrower (lessee) acquires all or most ownership rights. The amount reported is the value of the lease, not the value of the equipment or other asset.

Report FINANCIAL LEASE arrangements with FOREIGNERS as borrowings (or loans to) FOREIGNERS. As a general rule, such payables and receivables are to be reported by the UNITED STATES party responsible to directly collect payments from the UNITED STATES lessee for the FOREIGN lessor, or to directly collect payments from the FOREIGN lessee for the UNITED STATES lessor.

A lessee should report on Form BL-1 opposite the country and classification of the FOREIGN lessor, its U.S. dollar-denominated LIABILITIES to non-AFFILIATED FOREIGN lessors provided that no other UNITED STATES institution is acting as the FOREIGNER'S trustee. A UNITED STATES institution that is the FOREIGN lessor's trustee is required to report the dollar

LIABILITIES of the UNITED STATES lessee as a CUSTODY LIABILITY to the FOREIGN lessor on Form BL-2 opposite the country and classification of the FOREIGNER. Lease LIABILITIES denominated in FOREIGN currencies are reportable on Form BQ-2 by the UNITED STATES lessee regardless of the involvement of another UNITED STATES institution as trustee.

A UNITED STATES depository institution that is a lessor should report on Forms BC or BQ-2, as appropriate, its CLAIMS on a FOREIGN lessee provided that no other UNITED STATES institution is acting as trustee for the UNITED STATES lessor in collecting the payments from the FOREIGN lessee. A UNITED STATES institution that is the trustee for the UNITED STATES lessor is required to report the custody CLAIM on the FOREIGN lessee on behalf of the UNITED STATES lessor on Part 2 of Form BQ-1 or BQ-2, as appropriate. (See also OPERATING LEASE.)

FOREIGN AFFILIATE -- A FOREIGN company that is an AFFILIATE.

In general, an UNITED STATES person's FOREIGN operations or activities are considered a FOREIGN AFFILIATE if they are legally or functionally separable from the domestic operations or activities of the UNITED STATES person.

Factors that would tend to indicate that the operation or activity is a FOREIGN AFFILIATE are:

1. It pays FOREIGN income taxes.
2. It has a substantial physical presence abroad, as evidenced by plant and equipment, or by employees, that are permanently located abroad.
3. Separate financial records are kept on the FOREIGN activity or operation that would allow preparation of financial statements, including a balance sheet and income statement, for the entity.
4. It takes title to the goods it sells and receives revenues there from.
5. It receives funds for its own account and from customers for services it performs.

FOREIGN ASSETS -- Assets owned by the reporter and the reporter's UNITED STATES customers that represent CLAIMS on FOREIGNERS.

FOREIGN BANK -- A bank in a FOREIGN country, as defined by the laws of that country. NATIONALIZED BANKS and other banking institutions owned by central governments should be reported as FOREIGN banks unless such banks function as FOREIGN OFFICIAL INSTITUTIONS or FOREIGN PUBLIC BORROWERS.

FOREIGNER (FOREIGN)

A FOREIGNER includes the following:

- (a) Individuals, including citizens of the UNITED STATES, residing outside the UNITED STATES.
- (b) Entities that file an IRS FORM W-8 indicating that the individual or entity is a nonresident alien or FOREIGN entity not subject to certain U.S. information return reporting or to backup withholding rules.
- (c) Partnerships, associations, corporations or other organizations created or organized under the laws of a FOREIGN country.
- (d) Branches, SUBSIDIARIES or AFFILIATES of UNITED STATES companies residing outside the UNITED STATES.
- (e) FOREIGN governments and any subdivision, agency or instrumentality thereof, including all FOREIGN official nonbanking institutions, even if located in the UNITED STATES (i.e., an embassy, consulate, or other diplomatic establishment of a FOREIGN country).
- (f) Official international or regional organizations or subordinate or AFFILIATED agency thereof, created by treaty or convention between sovereign states, even if located in the UNITED STATES, including the International Bank for Reconstruction and Development (IBRD or World Bank), the International Monetary Fund (IMF), and the United Nations (UN).

FOREIGN OFFICIAL INSTITUTIONS -- See General Instructions, Section I.

FOREIGN PUBLIC BORROWER -- See General Instructions, Section I.

GLOBAL CUSTODIAN -- An institution that maintains a network of one or more FOREIGN, local SUBCUSTODIANS to manage or administer the custody or safekeeping of assets for clients. The UNITED STATES global custodian is required to report U.S. dollar-denominated instruments that represent the UNITED STATES residents' LIABILITIES that are owned by its FOREIGN clients on Form BL-2, as well as assets that represent CLAIMS on FOREIGNERS that it administers the custody of for its UNITED STATES customers on Part 2 of Forms BQ-1 and BQ-2.

INTERNATIONAL BANKING FACILITIES (IBFs) -- A set of asset and LIABILITY accounts, segregated on the books of a UNITED STATES establishing entity that is permitted to hold only assets and LIABILITIES of FOREIGNERS, residents of Puerto Rico, and UNITED STATES territories and possessions, other IBFs, and UNITED STATES and FOREIGN offices of the establishing entity.

LETTER OF CREDIT -- A notification issued by a bank on behalf of its customer authorizing a third party (the beneficiary) to draw drafts on the issuing bank or its correspondent for amounts up to a specified sum and guaranteeing acceptance and payment of the drafts if drawn in accordance with the terms stipulated in

the letter. Upon their acceptance, drafts drawn under LETTERS OF CREDIT become BANKERS' ACCEPTANCES.

LIABILITIES -- See General Instructions, Section E.

LOAN SERVICING ARRANGEMENTS, LOAN SERVICER -- An arrangement whereby one party (the LOAN SERVICER) agrees to collect payments from borrowers on behalf of the holder of the loan. The LOAN SERVICER may be the originator of the loans/receivables, or may be another institution. The LOAN SERVICER is required to report the outstanding U.S. dollar-denominated LIABILITIES of the domestic borrowers owed to FOREIGNERS on Form BL-2, and outstanding FOREIGN currency loans or receivables owed to the domestic entities on Part 2 of Forms BQ-1 or BQ-2.

LONG-TERM SECURITIES -- Public and private issues of debt and equity securities issued by parties located in the UNITED STATES or in FOREIGN countries and denominated in U.S. dollars or in FOREIGN currencies that either have no contractual maturity or have an original maturity of more than one year. In addition, for the purpose of the TIC forms LONG-TERM SECURITIES include rights, scrip, American Depositary Receipts/Shares (ADRs/ADSs), and certificates or receipts of the coupons of stripped securities regardless of their maturity. Transactions in LONG-TERM SECURITIES with FOREIGNERS are reportable on TIC Form S.

LONG-TERM SECURITIES do not include banking-type instruments such as negotiable certificates of DEPOSIT, DEPOSIT NOTES and borrowings/loans.

NATIONALIZED BANKS -- Institutions owned by FOREIGN central governments that are classified as banks in their respective countries. NATIONALIZED BANKS are classified as FOREIGN private commercial banks, unless they function as FOREIGN OFFICIAL INSTITUTIONS or FOREIGN PUBLIC BORROWERS.

NON-BANK BANK -- Institutions that take either deposits or loans and are grandfathered from the definition of a bank under banking regulations.

OPERATING LEASE -- A lease under which no transfer of ownership of the equipment or other asset from the lessor to the lessee is intended. The lessor is responsible to maintain and service the asset. The lessee has the right to cancel the lease, return the property if it is no longer needed, or if it has become obsolete. Payments under OPERATING LEASES are not reported on the B forms unless the payments are in arrears. (See also FINANCIAL LEASE.)

OWN FOREIGN OFFICES -- See General Instructions, Section I.

OVERDRAFT -- DEPOSIT account where insufficient funds are held in the account. OVERDRAFTS are extensions of credit that are reported as a borrowing (overdrawn accounts of the reporter) or as a loan (overdrawn accounts of the reporter's customers). OVERDRAFTS should be reported gross and not netted against good balances.

REPURCHASE/RESALE AGREEMENTS -- A REPURCHASE AGREEMENT is a transaction involving the sale of financial assets by one party to another, subject to an agreement by the seller to repurchase the assets at a specified date or in specified circumstances. A RESALE AGREEMENT (also known as a reverse repurchase agreement) is a transaction involving the purchase of financial assets by one party from another, subject to an agreement by the purchaser to resell the assets at a specified date or in specified circumstances.

Except as otherwise noted below, all REPURCHASE and RESALE AGREEMENT transactions with FOREIGNERS are to be reported as borrowings from or loans to FOREIGNERS, collateralized by the underlying assets.

(a) Funds received from FOREIGNERS from REPURCHASE AGREEMENTS are reported in "Other LIABILITIES" on Form BL-

1. The transfer of the securities should be excluded as a purchase or a sale on the S form.

(b) Funds lent to FOREIGNERS should be reported as a CLAIM on Form BC and BQ-1. The receipt of the securities as collateral should be excluded as a purchase or a sale on Form S.

(c) Funds denominated in FOREIGN currency received or lent from repurchase agreements with FOREIGNERS should be reported on Form BQ-2.

Under UNITED STATES GAAP, the purchasing institution may need to record further entries depending on the terms of the agreement. For example, if the seller does not have the right and ability to redeem the transferred securities and the purchasing institution has the right to sell or re-pledge the assets, the purchasing institution reports the transferred financial assets on its balance sheet. In addition, the seller records a LIABILITY to return the transferred financial assets. These assets and LIABILITIES should be excluded from the TIC reports. Please note that all REPURCHASE AGREEMENTS should be reported gross (i.e., FIN 41 should not be applied).

If a REPURCHASE AGREEMENT does not qualify as a secured borrowing under FAS Statement No. 125, the selling institution should account for the transaction as a sale of financial assets and a forward repurchase commitment. Therefore, the selling institution removes the transferred assets from its balance sheet. Similarly, if a RESALE AGREEMENT does not qualify as a borrowing under FAS Statement No. 125, the purchasing institution should account for the transaction as a purchase of financial assets and a forward resale commitment. In these cases, the transfer of the securities should be reported on the S form and the exchange of cash should be excluded from the B forms.

SALES OF ASSETS -- The SALES OF ASSETS are accounted for using the principles outlined in FAS 125.

Transfers of domestic assets by UNITED STATES sellers to FOREIGN purchasers

- The sale to a FOREIGNER of a single asset, or sales of participations to FOREIGNERS in a single asset, or sales of participations in a pool of domestic assets should be reported by the debtor if the transaction was fully disclosed to the debtor. The debtor is responsible to report its LIABILITIES to the FOREIGNER(s) on Form BL-1 or BQ-2 if the debtor is a bank or broker, or on Form CQ-1, if the debtor is a nonbank entity. If the domestic borrowers know that an UNITED STATES CUSTODIAN holds the instrument in custody for account of the FOREIGNER, the UNITED STATES CUSTODIAN is responsible to report the amount of the LIABILITIES on Form BL-2.
- If the transaction was not fully disclosed to the debtor, the UNITED STATES CUSTODIAN(s) managing the custody of the transfer instrument for the FOREIGN client(s) is responsible to report the U.S. dollar LIABILITY on Form BL-2. The LIABILITY is reportable at face value opposite the classification and country of the FOREIGN client.
- Sales to FOREIGNERS of domestic assets denominated in FOREIGN currencies (if any) should be reported by the debtor in column 1 of Form BQ-2 if the transaction was fully disclosed to the debtor. If the transaction was

not fully disclosed to the debtor, the UNITED STATES CUSTODIAN should report the instrument as its own borrowings in column 1 of Form BQ-2.

Transfers of FOREIGN ASSETS by UNITED STATES sellers to UNITED STATES and FOREIGN purchasers

Sales of FOREIGN ASSETS by an UNITED STATES seller, in a single asset or sales of participations in a single asset, or participations in a pool of FOREIGN ASSETS are to be reported in the following manner:

- The UNITED STATES seller would reduce the outstanding loans it previously reported on Forms BC or BQ-2.
- UNITED STATES purchasers, unless they have domestic CUSTODIANS, should report the face value of the FOREIGN ASSET purchased opposite the country and classification of the borrower. Banking institutions and brokers would report the FOREIGN ASSETS on Forms BC and/or BQ-2; nonbanking firms would report on Form CQ-1.
- UNITED STATES CUSTODIANS managing the transfer instruments on behalf of the UNITED STATES purchasers are

responsible to report the face value of the instruments on Part 2 of Form BQ-1 or Form BQ-2.

Sales of FOREIGN ASSETS by UNITED STATES sellers to FOREIGN purchasers would be reported in the following manner:

- The UNITED STATES seller would reduce the outstanding loans it previously reported on Forms BC or BQ-2.
- The FOREIGN purchaser's UNITED STATES CUSTODIAN would report the FOREIGN ASSETS on their own Form BL-2 or BQ-2.

Transfers of FOREIGN ASSETS by FOREIGN sellers to UNITED STATES purchasers

- Purchases by UNITED STATES parties of FOREIGN ASSETS from FOREIGN sellers are reported by the UNITED STATES parties (holding the assets in their own portfolio) opposite the country and classification of the FOREIGN borrowers on Forms BC or BQ-2, if the purchasers are banking institutions, brokers or dealers, or on Form CQ-1, if the purchasers are nonbanking firms.

- UNITED STATES CUSTODIANS responsible for managing the custody of such assets for account of their UNITED STATES customers should report the transfer instruments opposite the country of the FOREIGN borrower on Part 2 Forms BQ-1 or BQ-2.

SETTLEMENT DATE ACCOUNTING -- Under SETTLEMENT DATE ACCOUNTING, assets purchased are not recorded until settlement date. SETTLEMENT DATE ACCOUNTING should be used on the B forms. Therefore only after receiving payment for any trade should CLAIMS and LIABILITIES be reported.

SUBCUSTODIAN -- Institutions that are responsible for the safekeeping of financial assets for another CUSTODIAN are SUBCUSTODIANS. An UNITED STATES SUBCUSTODIAN of a FOREIGN GLOBAL CUSTODIAN can be an UNITED STATES branch, SUBSIDIARY or correspondent bank of the FOREIGN GLOBAL CUSTODIAN. Conversely, a FOREIGN local SUBCUSTODIAN can be a FOREIGN SUBSIDIARY of the UNITED STATES GLOBAL CUSTODIAN, a FOREIGN SUBSIDIARY of other UNITED STATES GLOBAL CUSTODIANS, a FOREIGN depository institution, or a correspondent agent bank in the FOREIGN local market. Further, FOREIGN institutions that perform functions similar to those of the Depository Trust Company (DTC), such as Cedel and

Euroclear, can also serve as a GLOBAL CUSTODIAN'S FOREIGN, local SUBCUSTODIAN.

A bank, other depository institution, broker or dealer that is a UNITED STATES SUBCUSTODIAN of a GLOBAL CUSTODIAN located outside the UNITED STATES is required to report the U.S dollar-denominated instruments that represent the LIABILITIES and CLAIMS of UNITED STATES residents it holds for FOREIGN customers of the FOREIGN GLOBAL CUSTODIAN. These should be reported on Forms BL-2 and BC opposite the resident country and classification of the FOREIGN GLOBAL CUSTODIAN.

UNITED STATES SUBCUSTODIANS of GLOBAL CUSTODIANS located outside the UNITED STATES should not report CLAIMS payable by FOREIGNERS that it holds for the UNITED STATES customers of the GLOBAL CUSTODIAN located outside the UNITED STATES. The UNITED STATES customers that contracted with the FOREIGN GLOBAL CUSTODIAN are responsible to report the CLAIMS on their own TIC reports.

SUBSIDIARY -- An institution that is 25 percent or more owned by the reporting institution.

UNAFFILIATED FOREIGN BANKS -- See General Instructions, Section I.

UNITED STATES -- The fifty states of the UNITED STATES, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, and the following: American Samoa, Guam, Midway Island, the UNITED STATES Virgin Islands, and Wake Island.

U.S. ASSETS -- FOREIGN CLAIMS on UNITED STATES residents.

U.S. BALANCE OF PAYMENTS -- A record of transactions between the residents of the UNITED STATES and its territorial possessions and FOREIGNERS over a specific period of time. The BALANCE OF PAYMENTS is composed of three accounts: the current account, the capital account and the financial account. Transactions are recorded using the system of double-entry bookkeeping. The current account balance measures trade in goods and services, income flows and unilateral transfers. The current account balance is a measurement of the country's "net worth." The capital account consists of capital transfers such as debt forgiveness. The financial account records transactions in

financial assets between UNITED STATES residents and FOREIGNERS.

U.S. MILITARY FACILITIES -- Offices of UNITED STATES banks located in FOREIGN countries that provide financial services to persons in the UNITED STATES Armed Forces stationed abroad. For purposes of these reports, UNITED STATES military facilities are classified as banking offices located in the UNITED STATES.

U.S. AGENCY SECURITIES -- Securities that are guaranteed by or are the obligation of a federal agency, a federal instrumentality, or a government sponsored enterprise (federal agency security). U.S. AGENCY SECURITIES include mortgage-backed securities that were issued by, guaranteed by, or are the obligation of a federal agency, a federal instrumentality, or a government sponsored enterprise. These include, but are not limited to, participation certificates, pass-throughs, CMOs, REMICS, and IO or PO issues. U.S. AGENCY SECURITIES exclude privately issued mortgage-backed securities even if the underlying collateral is government guaranteed.

U.S. TREASURY SECURITIES -- Instruments that are direct obligations of the UNITED STATES Treasury, including bills, notes, bonds, Treasury Inflation-index securities, and stripped coupons and securities from which one or more coupons have been detached (corpus).

WARRANT -- An instrument giving the holder the right to buy from, or to sell to, the issuer a specified amount of currency, commodity, or financial instrument at a specified price over a specified period. Warrants are excluded from the B forms.